

Napster and DeCSS: The Future of Entertainment in Cyberspace

I. Copyright in the Age of Napster and Beyond¹

By: Beverly Robin Green, Green & Green²

Copyright Survives.

Many people in the public and the music business watched and wondered if copyright law and the music business as we know it, would survive Napster. So far, it has. The U.S. Copyright Law, 17 U.S.C. § 101 et. seq., including the Digital Performance Right in Sound Recordings Act³ of 1995, and the Digital Millennium Copyright Act⁴, 17 U.S.C. §512 et seq., is an adaptable, evolving work of law that has survived and addressed intangible intellectual property rights from the time of old English common law, through the U.S. Constitution, and beyond.

Copyright law is rooted in Article 1, § 1 of the U.S. Constitution, granting Congress the power to promote the “useful arts” by protecting, for limited times, the rights of “authors” in their “writings”, while balancing that directive with protecting the public from monopolies. The concept of copyright law has responded and evolved over the technologies.

Even before the first U.S. Copyright Act, copyright law and protection survived a half millennium ago, possibly as great a technological development as the internet in our age, the invention of the Guttenberg press, which made relatively mass production and publishing of copyrighted material possible. Copyright protection was afforded to printed works of authorship, but many years later, in 1908, the U.S. Supreme Court dealt a blow to copyright and the music publishers of America by limiting the scope of their copyright protection (and income). *White Smith v. Apollo 5* held that mechanically made and readable copies of music, as embodied on then hi-tech piano rolls, were not readable “writings” as was sheet music, and therefore, not entitled to copyright protection.

Lobbied by the music publishing industry, Congress addressed and corrected this in the 1909 Copyright Act, by extending copyright protection to so-called “mechanical”

1 This part of these materials is from the introduction to this article as originally published in the California State Bar Business Law News, Vol. XXII, Issue 1, 2002.

2 © 2002 Beverly R. Green, Law Offices of Green & Green. Ms. Green (AV) is a member of the Intellectual Property Section. She achieved Suma Cum Laude graduate (#1) (JD, 1979) of Whittier College School of Law. She has served on the Bd. of Governors of, and as Legal counsel for the San Francisco Chapter of the Recording Academy (NARAS). Ms. Green originated and taught “Legal Aspects of the Music Industry” at San Francisco State University. She is a partner in Law Offices of Green & Green www.musiclawyer.com in the San Francisco Bay Area, Marin County, CA. Ms. Green specializes in entertainment law, including music, licensing, film and entertainment estates. Beverly represents musical artists, producers, writers, film makers, animators and others in the entire entertainment industry including in “new media,” toys and on the Internet. Email: bev@musiclawyer.com Tel: (415) 457-8300.

3 P.L. 104-39; S.227

4 HR 2281

5 28 S.Ct. 319 U.S. (1908)

copies, and laying the foundation for an extremely valuable source of income to this day in the music industry, that is called the “mechanical royalty”. A mechanical royalty is the payment to the owner of the copyright in the music (referred to in the music business as the “music publisher”), for the license to make and distribute “mechanical” copies of music, as embodied on piano rolls, and later records, CDs, and next, the internet.

A Bundle of Rights

Copyright protects what has long been called a “bundle of rights”. The current basic U.S. Copyright Law, the Copyright Act of 1976, which went into effect January 1, 1978, made comprehensive changes, updating and regulating copyrights. This current Copyright Act lists at 17 U.S.C § 106, those separate rights in the “bundle”, including the exclusive rights of the copyright owner to 1) reproduce or make copies or phonorecords of a copyrighted work, 2) prepare derivative works based on the copyrighted work, 3) distribute, by sale, rental, lease, or lending, a copyrighted work, 4) publicly perform a copyrighted work (with great differences, however, between the broader protection granted to musical works and the much more recent and limited protection granted to sound recordings), and again, with a difference between the protection of musical works and sound recordings, 5) to publicly display a copyrighted work.

It should be noted that the “performance right” differs as to musical works and sound recordings⁶ of those musical works, which are defined as two separate copyrightable works. Generally speaking, the recognition of copyrights in sound recordings, being, of course, a later technological development from music and music in written form, lagged behind that of music itself, with federal copyright protection for sound recordings only being afforded to sound recordings fixed since February 15, 1972. Sound recordings made before that date are not subject to federal copyright protection, but are generally subject to state and common law copyright.

Infringement and Technology

Over recent decades, the sound recording industry, especially the five or so (the number keeps shrinking with international mergers) “major record labels” (and their professional organization, the RIAA⁷), has grown as strong or stronger than the music publishing industry, and, as we see in *A & M Records, Inc vs. Napster, Inc*⁸ can hold their own under the present Copyright Law and in the federal Courts, up through the influential 9th Circuit, so far.

Copyright infringement requires a minimum basis of 1) proof of ownership of copyright, and 2) infringement of one or more of the exclusive copyrights in the “bundle” of rights under 17 U.S.C. § 106. The record companies who claim copyright ownership through “work made for hire” as defined under the 1978 Copyright Act, 17 U.S.C. § 101, however, may face yet another hurdle, as the issue is brought to a head as to whether they can rightfully claim sound recordings as “work made for hire” or whether the

⁶ In Copyright Office parlance, PA and SR respectively

⁷ Recording Industry Association of America

⁸ U.S.D.C. N Dist California, No. C 99-5183 MHP No. C 00-0074 MHP

recording artists have some claim to their work. This is because the current “work for hire” definition is limited to certain circumstances or categories of works that may not apply to the creation of sound recordings. This question, recently brought to the fore by a group called the “Recording Artists Coalition” (RAC) that filed a brief in Napster against the RIAA and the major record companies, promises to remain an issue. A recent attempt, through lobbying of the RIAA, got Congress to slip in “sound recordings” as a category for “work for hire” as a “technical correction” in 1999, but upon the outcry of the music recording artists, that amendment was corrected and repealed retroactively in 2000, with specific provisions that neither the amendment nor its deletion can be given any legal significance, or any interpretation, or indication of congressional approval or disapproval, as if it was never enacted. In other words, the ownership of sound recording copyrights remains a hotly debated and unresolved topic, while the practice in the music business remains to continue to treat sound recordings as “work made for hire” for record companies, so that the record companies own and control those copyrights.

The next major technological threat to copyright protection especially to music and sound recording copyrights and the music business as we know it, came in the form of Napster and its protégées. While Napster may be at bay for the moment, a lot of damage has already been done, and there are more (and harder to pin down) peer to peer music “swapping” websites online now than ever before. While the public is generally rejecting the idea of limited subscription online music services and still expecting everything on the net to be for “free”, the overall effect may be to force the major record companies to bring their pricing more within reason and consumer demands. Hopefully, the record companies will not just take the difference out of the generally short-changed recording artist’s royalties, who lest we all forget, are, along with the music writers and composers, the true “authors” of the copyrights that are to be promoted and protected.

California Law:

CA CIVIL § 3344 -- Use of another's name, voice, signature, photograph, or likeness for advertising or selling or soliciting purposes.

(a) Any person who knowingly uses another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods or services, without such person's prior consent, or, in the case of a minor, the prior consent of his parent or legal guardian, shall be liable for any damages sustained by the person or persons injured as a result thereof. In addition, in any action brought under this section, the person who violated the section shall be liable to the injured party or parties in an amount equal to the greater of seven hundred fifty dollars (\$750) or the actual damages suffered by him or her as a result of the unauthorized use, and any profits from the unauthorized use that are attributable to the use and are not taken into account in computing the actual damages. In establishing such profits, the injured

party or parties are required to present proof only of the gross revenue attributable to such use, and the person who violated this section is required to prove his or her deductible expenses. Punitive damages may also be awarded to the injured party or parties. The prevailing party in any action under this section shall also be entitled to attorney's fees and costs.

(b) As used in this section, "photograph" means any photograph or photographic reproduction, still or moving, or any videotape or live television transmission, of any person, such that the person is readily identifiable.

(1) A person shall be deemed to be readily identifiable from a photograph when one who views the photograph with the naked eye can reasonably determine that the person depicted in the photograph is the same person who is complaining of its unauthorized use.

(2) If the photograph includes more than one person so identifiable, then the person or persons complaining of the use shall be represented as individuals rather than solely as members of a definable group represented in the photograph. A definable group includes, but is not limited to, the following examples: a crowd at any sporting event, a crowd in any street or public building, the audience at any theatrical or stage production, a glee club, or a baseball team.

(3) A person or persons shall be considered to be represented as members of a definable group if they are represented in the photograph solely as a result of being present at the time the photograph was taken and have not been singled out as individuals in any manner.

(c) Where a photograph or likeness of an employee of the person using the photograph or likeness appearing in the advertisement or other publication prepared by or in behalf of the user is only incidental, and not essential, to the purpose of the publication in which it appears, there shall arise a rebuttable presumption affecting the burden of producing evidence that the failure to obtain the consent of the employee was not a knowing use of the employee's photograph or likeness.

(d) For purposes of this section, a use of a name, voice, signature, photograph, or likeness in connection with any news, public affairs, or sports broadcast or account, or any political campaign, shall not constitute a use for which consent is required under subdivision (a).

(e) The use of a name, voice, signature, photograph, or likeness in a commercial medium shall not constitute a use for which consent is required under subdivision (a) solely because the material containing such use is commercially sponsored or contains paid advertising. Rather it shall be a question of fact whether or not the use of the person's name, voice, signature, photograph, or likeness was so directly connected with the commercial sponsorship or with the paid advertising as to constitute a use for which consent is required under subdivision (a).

(f) Nothing in this section shall apply to the owners or employees of any medium used for advertising, including, but not limited to, newspapers, magazines, radio and television networks and stations, cable television systems, billboards, and transit ads, by whom any advertisement or solicitation in violation of this section is published or disseminated, unless it is established that such owners or employees had knowledge of the unauthorized use of the person's name, voice, signature, photograph, or likeness as prohibited by this section.

(g) The remedies provided for in this section are cumulative and shall be in addition to any others provided for by law.

The “7 Year Rule:”

LABOR CODE § 2855. Enforcement of contract to render personal service; time limit

(a) Except as otherwise provided in subdivision (b), a contract to render personal service, other than a contract of apprenticeship as provided in Chapter 4 (commencing with Section 3070), may not be enforced against the employee beyond seven years from the commencement of service under it. Any contract, otherwise valid, to perform or render service of a special, unique, unusual, extraordinary, or intellectual character, which gives it peculiar value and the loss of which can not be reasonably or adequately compensated in damages in an action at law, may nevertheless be enforced against the person contracting to render the service, for a term not to exceed seven years from the commencement of service under it. If the employee voluntarily continues to serve under it beyond that time, the contract may be referred to as affording a presumptive measure of the compensation.

(b) Notwithstanding subdivision (a):

(1) Any employee who is a party to a contract to render personal service in the production of phonorecords in which sounds are first fixed, as defined in Section 101 of Title 17 of the United States Code, may not invoke the provisions of subdivision (a) without first giving written notice to the employer in accordance with Section 1020 of the Code of Civil Procedure, specifying that the employee from and after a future date certain specified in the notice will no longer render service under the contract by reason of subdivision (a).

(2) Any party to such a contract shall have the right to recover damages for a breach of the contract occurring during its term in an action commenced during or after its term, but within the applicable period prescribed by law.

(3) In the event a party to such a contract is, or could contractually be, required to render personal service in the production of a specified quantity of the phonorecords and fails to render all of the required service prior to the date specified in the notice provided in paragraph (1), the party damaged by the failure shall have the right to recover damages for each phonorecord as to which that party has failed to render service in an action which, notwithstanding paragraph (2), shall be commenced within 45 days after the date specified in the notice.

Copyright Law:

17 USCA 201 Ownership of copyright

(a) Initial Ownership.--Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co owners of copyright in the work.

(b) Works Made for Hire.--In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

17 USCA 101 Definitions: Work Made For Hire

A "work made for hire" is--

(1) a work prepared by an employee within the scope of his or her employment; or
(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a "supplementary work" is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, after words, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

In determining whether any work is eligible to be considered a work made for hire under paragraph (2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, nor the deletion of the words added by that amendment--

(A) shall be considered or otherwise given any legal significance, or

(B) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination, by the courts or the Copyright Office.

Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made For Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, were never enacted, and without regard to any inaction or

awareness by the Congress at any time of any judicial determinations.

...

Amendments Regarding adding “sound recording” and then removing it:

1999 Amendments. Pub.L. 106-113 [§ 1011(d)], inserted "as a sound recording," after "audiovisual work" in the definition of "work made for hire".

2000 Amendments. Pub.L. 106-379, § 2(a)(1), struck out "as a sound recording," after "audiovisual work" in par. (2) in the definition of "work made for hire". Pub.L. 106-379, § 2(a)(2), added the undesignated paragraphs following par. (2) in the definition of "work made for hire".